

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

PHI ACQUISITIONS NSA

Docket No. MC2014-21

PHI ACQUISITIONS NSA

Docket No. R2014-6

**MOTION OF PHI ACQUISITIONS, INC. FOR  
ACCEPTANCE OF COMMENTS OF  
ORCHARD BRANDS CORPORATION**  
(May 7, 2014)

PHI Acquisitions, Inc. ("PHI") hereby moves that the Commission accept the attached reply comments of Orchard Brands Corporation ("Orchard"), which PHI is informed were delivered to the Commission in hard copy on April 29, 2014. These comments have not been electronically posted in this docket.

PHI was provided with a copy of these comments by Orchard after they were sent to the Commission. As Orchard does not have an electronic filing account with the Commission and is unfamiliar with the Commission's filing processes, it has asked PHI to electronically submit these comments on its behalf. PHI submits that no party will be prejudiced by the acceptance of these comments, as they are reply comments to which no further reply is permitted. Further, these comments have already been delivered to the Secretary of the Commission; accepting them electronically will simply provide all parties with access to and notice of the comments. For these reasons, PHI respectfully requests that the Commission accept Orchard's reply comments and post them in the public docket for this matter.

Respectfully submitted,

*/s/ Matthew D. Field*

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# NORM THOMPSON® OUTFITTERS

April 28, 2014

Shoshana Grove, Secretary  
Postal Regulatory Commission  
901 New York Ave, N.W. Suite 200  
Washington, DC 20268-0001

Dear Secretary Grove:

Orchard Brands Corporation files these Comments pursuant to the March 5, 2014 filing requesting that PHI Acquisitions, Inc. be granted permission to enter into a Negotiated Service Agreement (NSA) with the United States Postal Service. The Commission is currently evaluating the NSA in Docket Nos. MC2014-21 and R2014-6.

Our firm is a competitor to the PHI Acquisitions; known as Potpourri Group in the catalog industry. We are significant mailers of standard flat catalog mail and letter mail operating thirteen catalog brands including Blair, Norm Thompson, Solutions, Gold Violin, Sahalie, Appleseed's and other titles known to consumers nationally. Our business competes with NorthStyle, Cuddledown and many of the Potpourri brands and is a similar business to Potpourri in that we mail printed catalogs and letter mail as the primary source of our revenues. Customers place orders with both of our companies via phone, mail and over the internet. We also serve a similar demographic of primarily women over the age of 50.

We write today to support the Negotiated Service Agreement incentive for Potpourri. Though we understand that the NSA provides for discounts available only to a single mailer, in this context we feel as though the benefits for our company and the industry far outweigh any competitive concerns. The assertion that this NSA may cause unreasonable harm to the marketplace doesn't seem reasonable based upon our substantial experience in this industry.

We support this Potpourri NSA for the following reasons:

1. In our opinion, the current direction of material annual postal price increases is already undermining the mail volume and profitable growth of the USPS and the financial health of the catalog industry. Growth and volume incentives, such as this one will help to validate innovation and flexibility in pricing can improve the economics of cataloging for both the USPS and Catalog Industry. With this knowledge, our hope is that USPS will expand its use of incentives.



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2. This NSA is not harmful to the Marketplace because increases in prospect circulation, even by a competitor, are not very significant in such a fragmented industry and relatively minor compared to the other benefits.
3. Another benefit is that the success of this NSA will encourage other catalogers to participate in discussions and negotiations with the USPS that may lead to other NSAs and a deeper understanding of the postal issues for both the industry and the Postal Service. Our hope is that these discussions will lead to further innovation and mail volume growth opportunities for our company.
4. In order for us and other catalogs to grow, it is vital that the economics of prospecting for new customers improve. Price incentives such as this NSA make important steps to demonstrate prospect mailing is more elastic than other types of flat mail.
5. While not solely focused on prospecting, it is our hope that a successful Potpourri NSA will stimulate expanded activity by the USPS to understand and create more discount programs to stimulate this mutually beneficial investment in prospecting and reactivation of previous customers.
6. In the catalog industry, we regularly rent and mail the names of customers who have recently purchased from other catalogs with similar consumers. We believe that increased numbers of buyers for rental from Potpourri will generate benefits for us in the form of larger and more responsive prospecting opportunities.

In such challenging times for the USPS, it is more important than ever that innovation and creativity such as this NSA are encouraged, measured and built upon for the benefit of the entire industry.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Martin W. McClanan", with a long horizontal flourish extending to the right.

ORCHARD BRANDS CORPORATION

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